

**Request for Proposals: Workers' Compensation Program Auditing  
Services  
RFP # OWC04-1  
Issued: April 26, 2004**

**ADDENDUM 1**

**This Addendum incorporates certain general comments and answers to questions posed during the optional pre-proposal conference held on May 10, 2004.**

**GENERAL**

Verbal responses to questions at the pre-proposal conference are unofficial and are not binding. Only these written responses may be relied upon by offerors.

Participants at the pre-proposal conference were required to register their attendance and to provide their fax numbers. A list of all attendees at the conference is enclosed for informational purposes.

Corrections are hereby made to the above named RFP.

1. Page 2 section II last paragraph, change Frank Gates Company to Frank Gates Service Company.
2. Page 3 section IV C 4, delete apostrophe after methodology .
3. Page 7 section XVIII, change entirety to entirety.
4. Page 10 section XXVIII, change paragraphs A-H to XVIII-XXVII.
5. Page 13 section XLI B, change a & b below to read 1 & 2 below.
6. Page 16 section LI, change 11-69 to 2.2-4363
7. Page 16 section LI, change 11-70 to 2.2-4364.

**Questions and Answers:**

1. In Section II regarding the 12 claims and cost containment services, which areas are the most critical?

A - Claims Administration are the most important.

2. What other firms have done these services in the past four years?

A – Cherry Beckert and Holland

3. Would any of their work or audit reports be available for review? (Requesting this to see what type of issues have come up in the past.)

A -Offerors may view the most recent OWC SAS 70 report in our offices. Please contact Bill Gregory for an appointment. (804) 225-2208.

4. Are all the claims handled electronically and on paper?

A - Claims are generally generated by paper usually by a bill. The billing amounts are entered into a fee bill adjudication system and either reduced to the reasonable and customary charge or if a PPO provider is involved to the contract amount.

Indemnity payments are entered into the Frank Gates System directly by the claims adjusters. The payment amount is based upon the award issued by the Workers' Compensation Commission.

5. Is that information then entered into a computer system?

A - The medical payment information is entered into the Fair Isaacs system and downloaded into the Frank Gates Claims System.

6. Are the managed care program nurses using this same system as the adjusters?

A - Yes, there is one system that the nurses and claims adjusters share. Each role type has different security in the system. The system is called the Gates 2000 system. The nurses use the system to enter activities to communicate with the doctors, injured workers, and agencies and to enter notes about treatment certification.

7. Is there a budget appropriation for this contract for this time period?

A - Workers' Compensation is a special trust fund and is not subject to the budget process.

8. What was the project fee for this last year?

A - Because we are in the middle of a year, we are including a full year and the current fiscal year to date:

Invoice date	Payment amount	
6/30/2002	\$ 10,000.00	Progress bill for SAS 70
7/31/2002	\$ 10,000.00	Progress bill for SAS 70
8/31/2002	\$ 19,819.00	Final bill for SAS 70 for year ended 6/30/02
11/29/2002	\$ 4,330.32	Final billing for guaranteed savings on loss payments
1/31/2003	\$ 13,744.81	Final billing for admin costs
6/30/2003	\$ 10,000.00	Progress bill for SAS 70
9/30/2003	\$ 10,000.00	Progress bill for SAS 70
1/31/2004	\$ 21,212.67	Final bill for SAS 70 for year ended 6/30/03
3/25/2004	\$ 5,361.62	Review of reported loss payments
3/25/2004	\$ 14,354.59	Billing for admin costs
	\$ 118,823.01	

9. Are there any occupational disease claims such as black lung?

A – We have had claims of asbestoses but no black lung claims.

10. How many different PPO networks are under contract with MCI for injured workers?

A - There would be two different PPOs. One that was in effect for treatment prior to July 1, 2003 and another effective July 1, 2003.

11. Can you tell me who the PPOs are?

A - Prior to July 1, 2003—CCN  
July 1 to present—FOCUS Network

12. Is there any paid for performance guarantees in place that put the vendors MCI or Frank Gates at risk to perform specific service standards?

A - Yes.

13. Could you elaborate on liquidated damages?

A - The contract has specific things the provider must do by certain dates, if they do not perform the services as requested on time there are financial penalties.

14. MCI is the primary vendor that provides medical bill review and organizational review services, is this true?

A - There are numerous subcontractors on this program. Frank Gates Service Company (an MCI sub-contractor) provides the medical bill review (adjudication).

15. Would DHRM consider an extension on the due date for the submission of proposals?

A - No.

**Companies Represented at  
Optional Pre-proposal Conference  
For the RFP# OWC04-1  
Workers' Compensation Program Auditing Services  
Held 5/10/2004 @ 10:00 a.m.**

**Deloitte and Touche**